

APPENDIX A TO FLORIDA TITLE XIX INPATIENT HOSPITAL
REIMBURSEMENT PLAN
ADJUSTMENTS TO ALLOWABLE MEDICAID VARIABLE COSTS

The technique to be utilized to adjust allowable Medicaid variable costs for inflation in the process of computing the reimbursement limits is detailed below. Assume the following DRI Quarterly Indices.

	1978	1979	1980	1981	1982
Q1	213.0	237.7	250.1	278.1	308.0
Q2	217.8	234.5	256.5	285.9	314.9
Q3	222.7	237.9	263.2	294.0	322.0
Q4	227.7	243.8	270.4	301.2	329.3

The elements in the above table represent a weighted composite index based on the following weights and the components:

<u>COMPONENTS</u>	<u>WEIGHTS</u>
Payroll	50.04%
Employee Benefits	7.28%
Professional Fees	5.53%
Dietary and Cafeteria	3.82%
Fuel and Other Utilities	3.41%
Other	29.92%
	100.00%

Based on the quarterly indices, monthly indices are calculated by averaging pairs of quarterly indices and interpolating between these averages as follows:

<u>QUARTER</u>	<u>INDEX</u>	<u>AVERAGE INDEX</u>	<u>MONTH</u>
1	213.0	215.4	March 31
2	217.8	220.3	June 30
3	222.7	225.2	Sept. 30
4	227.7		

$$\begin{aligned}\text{April 30 Index} &= (\text{June 30 Index} / \text{March 31 Index})^{1/3} (\text{March 31 Index}) \\ &= (220.3 / 215.4)^{1/3} (215.4) \\ &= 217.0\end{aligned}$$

$$\begin{aligned}\text{May 31 Index} &= (\text{June 30 Index} / \text{March 31 Index})^{2/3} (\text{March 31 Index}) \\ &= (220.3 / 215.4)^{2/3} (215.4) \\ &= 218.7\end{aligned}$$

All other monthly indices can be calculated in a similar fashion. To determine the applicable inflation factor for a given hospital for the first semester of 1981-82 the index for September 30, 1981, the midpoint of the rate semester, is divided by the index for the midpoint of the Provider's Fiscal Year. For example, if a hospital has a fiscal year end of November 30, 1978 then its midpoint is May 31, and the applicable inflation is:

$$\text{September 1981 Index/May 1978 Index} = 297.6/218.7 = 1.3607$$

Therefore, the hospital's reported variable cost Medicaid per diem is multiplied by 1.3607 to obtain the estimated average variable Medicaid per diem for the first rate semester of FY 1981-82. Similar calculations utilizing March 31 and the mid point yield adjustments for the second semester of FY 1981-82.

Inpatient Hospital Reimbursement Plan
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METHODS USED IN ESTABLISHING PAYMENT RATES

08/01/93 EMERGENCY SERVICES

Inpatient: Reimbursement to nonparticipating Florida hospitals for inpatient emergency services is the lesser of the amount charged or the average of per diem rates paid to participating Florida hospitals in the same county in effect on the date of service.

Reimbursement to nonparticipating out-of-state hospitals rendering inpatient emergency services, is the lesser of the amount charged or the average of per diems paid to participating Florida hospitals in effect on the date of service.

Reimbursement to nonparticipating out-of-state teaching and specialty hospitals for inpatient emergency services is the lesser of the amount charged or the average of per diems paid to participating Florida teaching and specialty hospitals in effect on the date of service.

Negotiated rates will be employed to reimburse out-of-state hospital providers when: 1) such a rate is requested by the provider; and 2) Florida's per diem is less than 75 percent of the amount the out-of-state hospital would receive for the same service from the Medicaid program in its state. Any negotiated rate will not exceed 85 percent of the hospital's usual and customary charges for the procedure to be performed, or cover services for inpatient days in excess of the 45 day limit for adult Florida recipients 21 years of age and older.

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